

MUNICIPAL DEBT IN THE UNITED STATES.

AN ADDRESS

DELIVERED BY

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BEFORE THE

Northern Wisconsin Agricultural and
Mechanical Association,

AT THEIR

ANNUAL FAIR

HELD AT

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ADDRESS.

Mr. President and Gentlemen of the Association :

When I accepted your cordial invitation to be present to-day, it was with the distinct understanding that the formal address of the occasion should be delivered by another, and that anything I might have to say would be secondary and subordinate. This arrangement was changed a short time since without consulting me ; and if this large audience shall feel disappointed with the result, as I fear they may, they must not lay the charge at my door, but hold the officers of the Association responsible in such exemplary damages as a good Wisconsin sense of justice may impose.

I believe by modern usage an address before an agricultural society is expected to leave agriculture severely alone—on the very sound and sensible presumption that the audience have far more knowledge on that subject than the speaker is likely to possess. In my own case, certainly, I am ready to admit the full force of such presumption—for although I was born and reared amid an agricultural community in Western Pennsylvania, and have lived all the years of my maturer life in the best agricultural district of Maine, I do not claim such practical knowledge of the great art and science as would enable me to give one word of needed instruction to the assemblage which I have now the honor to address.

I shall, therefore, for the brief period that I may claim your attention, confine myself to a subject of interest to you as American citizens—and indeed, I may add, of especial and significant importance to you as farmers, representing as you do so vast a proportion of the Real Property of the country, and standing as you do in the attitude of responsibility, both present and ultimate, which that relation to the property of the country implies and imposes.

I shall speak to you of our Public Debt—not mainly of what we understand as our National Debt—but of all those forms of State and municipal obligation which involve taxation upon the People.

Public Debt is one of the rapid out-growths of modern civilization. In its present form it was certainly unknown among the ancients, though Cicero says that the Roman Provinces in Asia were accustomed to borrow, and Livy, in a passage somewhat obscure, speaks of a Loan once contracted by Rome to meet the expenses of the Punic wars. These exceptional references, however, only prove the rule that the use of credit was not one of the recognized resources of ancient Nations. The vast accumulation of treasure made by some powerful Monarchs of the olden time is another proof that credit was not used, and that loss resulting from the idleness of money was not recognized or appreciated as it is by the keener calculations of modern capitalists. Ptolemy Philadelphus had at one time in his Treasury what would be equivalent to four hundred millions of dollars in our coin. The Roman Emperor, Tiberius, left 2,700 million sesterces (\$110,000,000) to his successor, Caligula, who obligingly spent the whole of it in a single year. These sums, though they do not seem large in comparison with the great aggregates

of modern national debt, yet represent in their purchasing power at the time, a larger accumulation of actual money than the Treasury of any nation has contained at one time since the dawn of the Christian era. The first Napoleon, among modern rulers, imitated on a diminished scale this barbaric accumulation of treasure, nominally belonging to the State, but really subject to the individual will and caprice of the Sovereign, and generally used for purposes which would not make a creditable appearance in official budgets or regular appropriation bills.

Nearly sixteen hundred years of the Christian era had passed before Nations learned the art of borrowing as we now understand it. Holland and Spain had perhaps in the sixteenth century the first regularly organized national debt, though it is claimed that the French *Rentes*, the national security still so well known and so popular among that people, originated as early as 1375, in the reign of Charles Fifth ; I am disposed to think, however, that it was, in a very irregular, shadowy, and irresponsible shape, running over only from year to year according to chance, and not existing as a stated loan with regular allowance of interest.

Undoubtedly the debts of Holland and Spain, contracted largely in their wars with each other, the one attempting to inflict, and the other successfully resisting, a great tyranny, were the first that became regularly funded, with periodical payment of interest, the resources for which were derived from taxation. So sorely were these taxes felt at Amsterdam, as an accurate historian tells us, that it was a common saying, that whoever bought so much as a fish paid for it once to the seller and six times to the State. In Spain at that time the receipts of the precious metals from her South American colonies, were so large

that the debt did not weigh so heavily on the home government as the corresponding obligation in Holland.

Towards the close of the seventeenth century, England emerging from that great contest for Constitutional Liberty which forever dethroned the Stuarts, formally entered for the first time the list of National debtors. It was in 1694 that she borrowed the initial pound sterling of that debt which in one hundred and twenty years, at the close of the terrible struggle with Napoleon, reached the enormous aggregate of nine hundred and two million pounds (£902,000,000)—over four thousand five hundred millions of dollars (\$4,500,000,000)—and constituting at that time a burden upon England as great as a debt of twelve thousand millions of dollars (\$12,000,000,000) would constitute to-day. From the date of England's becoming a borrower, debt seemed to be a contagion among the nations,—and though less than two centuries have elapsed since England's debt began, there is now scarcely a civilized country on the face of the globe whose people have not mortgaged the future for the benefit of the past and the present. The British dependencies in Asia and Australia and the “far off Isles of the sea” are heavily in debt to the Bankers of the Mother country; the civilized and semi-civilized governments in Africa and the Orient, that skirt the shores of the Mediterranean, are mortgaged to the money lenders of Europe; the nations of South America without exception have all trodden the same weary road; while every European power from Russia to Portugal groans under the weight of its national obligations.

Mr. Dudley Baxter, who is a recognized authority on questions of this character, gives the aggregate populations of the borrowing nations of the world at a trifle over

six hundred million souls (600,000,000)—and the aggregate of national debts owed by them amounts to twenty thousand millions of dollars (\$20,000,000,000)—with an annual interest charge of more than eight hundred millions of dollars (\$800,000,000.) It is a melancholy thought that this almost incalculable sum of money was borrowed and expended, not to promote the ends of peace, not to develop agriculture or the mechanic arts, not to build great highways for commerce and trade, not to improve harbors and the navigation of rivers, not to found institutions of learning or of charity or of mercy, not to elevate the standard of culture among the masses, not for any or all of these great and laudable objects were these countless millions of treasure expended, but for the waste, the cruelty, the untold agonies of war. And the vast bulk of this prodigious sum total not only went for war, but for wars of ambition and conquest in which the fate of reigning dynasties was the stake, and not the well-being of the people or even the aggrandizement of the nation itself in the higher and better sense. In our own country we have had four wars—and with the exception of that with Mexico, they may certainly and fairly be called defensive wars on our part—for they were assuredly wars essential to our national existence and independence. But still this fact leaves us no exception to the rest of the world, that war, however unavoidable in our case, was nevertheless the direct cause of our national burden. Our total national indebtedness to-day is twenty-one hundred and forty millions (\$2,140,000,000); and of this vast amount but sixty-four millions (\$64,000,000) given towards the construction of a Railroad to the Pacific is all that was incurred for any work of peace—the remainder was expended in the long and bloody and desolating struggle in

which secession was resisted and destroyed, and in which we won the privilege of continuing to exist as the United States of America.

But in regard to the National debt, whatever vain regrets we may indulge over the loss of so much treasure and the fearful sacrifice of that which is beyond earthly price, we have this to console and comfort—that the war which gave rise to it was unavoidable and inevitable, apparently fated and forecast as part of the great experience of bitterness and of blood through which it was our destiny as a nation to pass, and that out of its sorrowful depths we have emerged a regenerated people, doing justice to a race long oppressed, educating ourselves to higher standards of liberty and of law, and having our feet henceforth shod with the preparation of the Gospel of Peace.

Leaving the consideration of our national debt as an obligation not within our discretion, except as to the best and most honorable means of reducing and discharging it, I invite your attention to those less observed, but even more burdensome forms of obligation contracted by States, counties, cities and smaller municipalities, and contracted oftentimes, I may add, with an extravagance and prodigality that seem to invite calamity. With the keen watchfulness of opposing political organizations in this country, with the sharp criticism by press and people of all that may be done or left undone by Congress, no oppressive increase of our national debt can be anticipated except under the exigency of war—and should that come, as in God's good Providence I trust it never may, no limit can be assigned to the additional burden that may be placed upon us. But the causes which lead to an increase of State debt and to such a vast enlargement of

municipal obligation are not so open to public observation, do not elicit the sharp controversy and discussion which always go so far to insure safety in the final result, and the consequence is that many communities, before they stop to fairly consider, find themselves laboring under a burden of debt, which if not absolutely discouraging is certainly oppressive.

In reflecting on this subject you will observe at the very outset that our form and framework of Government give extraordinary opportunities for the use of Public Credit. We have first the General Government, which borrows on the faith of the nation; next the State Government, which borrows on the faith of the State; next the county, which borrows on the faith of the county; next the city or town, which borrows on the faith of municipal credit. Now when this whole series of credits, four in number, are used as they so often are, nay, used almost everywhere, the quadruplicate burden falls heavily on the shoulders of the people. The four taxes operate at last on the same man and each piece of property in some way contributes its share towards satisfying the demand. I do not think there is any other nation in which the power to contract debt has been so extended as with us; in which the same communities may be made to assume public obligations in so many relations—and each one operating for the time in a somewhat independent sphere, the tendency of each is to enlarge, regardless of the dimensions and demands of the others. When the city is pledging its credit it seems to forget that a heavy debt is already upon the county of which it forms an integral part; the county freely incurs debt without apparently remembering that every estate in it is already encumbered by a direct tax to pay the interest on a debt of the State; and the

State too often makes lavish use of its credit without pausing to reflect that every one of its citizens is already burdened by the tax which he is paying to liquidate the debt of the nation. And when in the end Nation, and State, and County, and City have each and all imposed their burdens the citizen finds that while the tax is increased fourfold the property to meet it has not experienced a similar development and growth. Our power in this country to cumulate our burdens may certainly be regarded as peculiar to ourselves. I am aware that the large cities of Europe have debts of their own; so have the separate cantons of Switzerland; so have the Departments of France for limited and specified purposes; so have the minor German States; but still it is true that our county, city, town and township facility for contracting debt is practically unknown among the nations of Europe. Our marvelous capacity in this regard is the one achievement of our Republican civilization of which I think we have the least occasion to feel proud.

There are in the United States sixteen cities having each a population exceeding one hundred thousand (100,000,) and an aggregate population of four and a half millions (4,500,000.) Each is a city with special advantages which cannot be taken from it; each in the language of the day has a large future; each has abundant wealth and still larger prospective resources. They embrace when taken collectively, the trade of Atlantic and Pacific, of Gulf and Lake coasts, besides all the great interior rivers of the Continent and the converging traffic of thousands of miles of railway. Surely one would think that each might bide its time and patiently await its well assured prosperity without being compelled to borrow largely, in some cases almost recklessly, of the future.

And yet taking these sixteen cities together we find their municipal debts amount to three hundred and fifty millions of dollars (\$350,000,000,) being eighty dollars per capita for their entire population, and presenting in the aggregate an amount which prior to our war experience would have been considered a large burden for the nation. It would be a gross injustice, however, to leave the inference that the average debt of these cities is over twenty millions of dollars, for indeed a single city, the commercial metropolis of the nation, presents a debt embracing nearly one-third of the entire amount, while several of the cities on the list have debts of comparatively insignificant proportions.

The class of cities next in size to those just referred to, those having each a population exceeding fifty thousand (50,000,) and less than one hundred thousand (100,000) are twelve in number—having an aggregate population of about seven hundred and fifty thousand (750,000.) Their total debt does not exceed thirty millions of dollars, (\$30,000,000) which gives about forty dollars per capita for the whole list.

Taking the next class of cities, having each a population exceeding twenty thousand (20,000) and less than fifty thousand, (50,000) I find there are in all some fifty-three (53) in the United States with a total population of something over a million and a half. Their total debt cannot be less, I think, than seventy-five millions of dollars, (\$75,000,000) or fifty dollars per capita.

Interested as I have been in making these investigations, I included one more class within the scope of my inquiries and took the cities and towns throughout the United States having populations between ten and twenty thousand each—a list which I found to embrace in all one hundred and

five cities and towns, whose aggregate population amounts to nearly fourteen hundred thousand (1,400,000), and whose aggregate debt is something over thirty-five millions (\$35,000,000), or about twenty-two dollars per capita for the whole.

Adding these four classes together, it presents a table which embraces the cities and towns of the United States having over ten thousand (10,000) inhabitants each—of which there are in all one hundred and eighty-six (186)—with an aggregate population exceeding seven millions (7,000,000), and total municipal debt of about four hundred and ninety millions (\$490,000,000).

The towns having less than ten thousand inhabitants each I have not been able to classify with the approximate accuracy of those I have given, but I feel well assured that the aggregate of these debts would reach eighty millions of dollars (\$80,000,000)—making the total municipal debt of the country about five hundred and seventy millions (\$570,000,000).

Added to these municipal debts proper, we find the county debts of the entire country amounting to about one hundred and eighty millions (\$180,000,000), and the State debts to about three hundred and ninety millions (\$390,000,000)—making a grand aggregate of eleven hundred and forty millions (\$1,140,000,000) of Public debt of States, counties, cities and towns.

This sum total is nearly three hundred millions of dollars greater than that given in the census of 1870. The addition, however, has not been made within the four succeeding years, but a part is due, I think, to incomplete returns made to the census officials. I have been at some pains, by original investigation and inquiry, to get at the aggregates of State, county, and municipal indebtedness

—and while I do not assume to give details or vouch for absolute accuracy, I think the totals I have given may well be taken as approximate reliable statements. The difficulty in attaining perfect exactness of statement results from the imperfect manner in which statistics are gathered in the several States. I have found, indeed, very few States where the State officers were authorized by law to keep anything of record in regard to debt, except the direct obligations of the State. In Massachusetts, where great attention is paid to accuracy of statistics, I have been enabled to get precise information—and the entire footing of that Commonwealth, of State, county and municipal debts, shows a grand total of ninety-seven and a half millions (\$97,500,000)—subject to a sinking fund deduction of eleven millions (\$11,000,000)—leaving eighty-six and a half millions (\$86,500,000) as the net debt of that State. A very large burden it would seem—and yet such is the wealth of the State that the entire debt does not constitute more than four per cent. of its valuation—and probably, not over two and a half per cent. of its actual wealth.

The State debts in many instances, both in the former and the latter times, have been contracted without due caution, and as a natural consequence the money realized from borrowing has been oftentimes expended with an extravagance which would hardly be tolerated in the disbursement of moneys raised by current taxation. I do not desire to make my remark so sweeping as to include those States where loans have always been negotiated with care, and the receipts expended with economy. But I venture the assertion, based on some scrutiny into the facts, that taking the aggregate of State debts as they stand to-day, and there has not been realized on the

average fifty cents of palpable, permanent value for each dollar raised and expended. In some cases the improvidence has led to even worse results than this, and I think taking the country as a whole, there is no form of public debt in which so much has been given and so little received as in the direct obligations of the States. I am glad, however, to be able to congratulate the proud and prosperous Commonwealth whose citizens I now address, on the fact that their debt is very small, and is rapidly decreasing, and that in consequence thereof you can realize to yourselves and assure to those who may cast in their lot with you, that an inexpensive government and light taxation are your comforting prospects for the future. And what is true of your State, is no less true of your sister States of this great section. Taking the seven great States of the Northwest, and with an aggregate population of more than *eleven millions* (11,000,000), and property worth over eight thousand millions of dollars (\$8,000,000,000), their combined State debts are less than twenty-five millions (\$25,000,000). Had these great Commonwealths exercised as prudent a care against county and municipal debt, they would present to-day the most flattering balance-sheet, I venture to say, of any civilized communities on the face of the globe.

In regard to the aggregate Municipal debt of the country, it is not of course to be inferred that it could all have been wisely avoided. Credit, prudently used and safely guarded, is one of the great engines of modern civilization and advancement, and with Municipal Governments its use at times seems imperatively demanded. In many cases the public health has required that debt be contracted for supplies of pure water and for systems of drainage and sewerage, and occasionally for other forms

of public improvement essential to the growth of the community. But in the main, I think our cities have been too ready to draw on the future, too ready to pledge the "lives and fortunes" of posterity to the payment of a debt which the generation contracting it is unable to discharge. Expensive Municipal buildings, loan of credit to outside enterprises, not needed and often visionary, have led in some large cities to a growth of debt for which there is no corresponding return of pecuniary profit, and no adequate advantage in any form. These debts have in many cases been contracted carelessly and without due reflection. The old adage that what is "everybody's business is nobody's business" is nowhere more applicable than in the general administration of municipal affairs in our large cities. It is so easy to obtain Legislative authority to contract debts; it is so easy to sell a good city Bond to the capitalist who highly prizes such forms of security; it is so easy to roll up a debt to be taken care of by those who come after us, instead of levying a severe tax to be paid by ourselves; in short, it is so easy and alas so natural to have a smooth, enjoyable time to-day, thinking little of the ills that may overtake us on the morrow. And, following this ready, convenient, lazy method of shifting the burdens of to-day, has been the means of precipitating on many of our most favored and promising cities a vast load of taxation, which hampers business, oppresses property, prevents accessions of population otherwise naturally tending that way, and ends by retarding the very growth which the debt was contracted to stimulate.

Another evil results from the growth of municipal debt which I think has not been sufficiently observed. It is the facility which such debts give to the capitalist for a

ready, safe, and profitable investment of his surplus—thus saving him from the trouble, and depriving the community of the advantage of his embarking in some active business. Take for instance a prominent and wealthy city—and I do not refer to any particular one—and this you will find to be its history and experience at one or more periods of its prosperous career. Its banks and other places of deposit are full to overflowing of money owned by its leading capitalists, waiting for an opportunity to invest, and carefully examining into different branches of manufacture, into improvement of real estate by fine blocks of stores, into the outlook for a new railroad, into a project for a new line of steam packets—all or any one of which would greatly contribute to the development and growth of the city in question. Just then, however, as these capitalists are about to invest their money in some one of these channels of gain to themselves, and profit to the community, another set of gentlemen having great influence with the Municipal Powers that be, commit the city to some new scheme of improvement, and from three to five millions of first-class seven per cent. bonds are placed on the market—and our capitalists suddenly conclude that nothing presenting so little risk, and such a clean margin of profit can be found in manufactures, or blocks of stores, or railway shares, or steam navigation companies, and they accordingly stow away their odd millions in city Bonds, and devote themselves thenceforth to the ennobling occupation of cutting coupons.

Though the foregoing purports to be a single case, it illustrates a great truth worthy to be borne in mind, that too much of the surplus capital has been invited into Bonds of this kind—and is thereby removed from an active participation in the business projects of the

country—which are thus thrown too largely into the hands of men who have great enterprise, but who are hampered for lack of capital and are constantly encountering the evils of a too widely extended credit. It may be an extravagant assertion, and yet I had almost said, that if the hundreds of millions of capital that have been hidden away in the municipal bonds of the country had been, by the absence of such opportunities for investment, forced into great business enterprises, the country would be so much the richer that a great number of the objects for which the municipal debts were contracted could have been accomplished by the mere process of taxation on the vastly superior amount of property that would have been thus created.

It is also a matter of serious consideration whether these large municipal loans have not had a prejudicial effect on the price of money—tending continually to create stringency in the money market and raise the rate of interest to the borrower and the business man. There is a loud outcry in all quarters against the high rates charged for money, and yet if States and great cities will flood the markets with their obligations at seven per cent. and oftentimes at a higher rate of interest, how can any borrower on mere individual credit expect or hope to negotiate loans at the old-fashioned six per cent. rate, which in so many sections of the country was formerly the rule. It will inevitably happen that the individual citizen will pay from one to four per cent. higher for money than the prosperous city—and if the city absorbs the great surplus of capital by its tempting rates and perfect security, the individual is necessarily subjected to the squeezing process when he wants money on his own note—and he then realizes the unhappy duplicate result of having to pay in-

creased taxes to support the city loan—the negotiation of which had already increased his burdens by raising the rate of interest on the money he was compelled to borrow in the prosecution of his private business.

If then we have not exercised sufficient care and circumspection in regard to incurring State, county and municipal debt in the past, what is the remedy? I answer, first and foremost, an awakened, active, well-balanced public judgment, which will suggest, demand and enforce a wise caution and conservative course on this subject. I have no patent remedy to propose, and yet I venture to suggest that the Legislatures of many States have altogether too large a power to create debt without referring the subject to the people for their primary consideration. Perhaps I may entertain a pre-judgment on this particular phase of the question in favor of the stringent provision in the Constitution of my own State, where the Legislature has no power to incur a dollar's debt except for war purposes, under the pressure of actual danger, and where an amendment to the Constitution proposed by two-thirds of the Legislature and then submitted to a vote of the people, is a prerequisite for pledging the credit of the State for any other purpose whatever.

It might also be a wise and salutary provision to define in State Constitutions the precise ends for which municipal credit should be used—limiting those uses to proper and restricted objects, and forbidding in any event the creation of a debt beyond a specified per centage of the official valuation of the city or town; providing at the same time a judicious safeguard against the overlapping of county debts, so that while the town was guarding its credit with care it should not be involved in the embarrassment caused by an extravagant extension of the credit of the county.

And finally, as a governing principle, it would be well to apply to all State, county and municipal debts, the wise precaution contained in that famous and well-remembered rule laid down by Mr. Jefferson as the basis of all sound national credit. I quote the words of the great philosophic statesman, as equally applicable to all possible forms of public obligation, and as affording a basis at once secure for the creditor and advantageous for the debtor :

“Never borrow a dollar without laying a tax at the same instant, for paying the interest annually, and the principal within a given term ; and consider that tax as pledged to the creditors on the public faith. On such a pledge as this, sacredly observed, a government may always command on a reasonable interest, all the lendable money of its citizens ; whilst the necessity of an equivalent tax is a salutary warning to them and their constituents against oppression, bankruptcy, and its inevitable consequence, revolution.”

But, gentlemen, looking at the serious side of this question with the gravity which is becoming, let us not be led into gloom or despondency or discouragement of any kind whatever. Though our burden be great, we are abundantly able to bear it and to prosper and grow strong under it. Our progress in population and in wealth is so rapid that the debt which weighs upon us to-day is light as a feather to-morrow, and if we can but exercise the ordinary prudence of self-preservation, our future as a people will far surpass in power and in riches the most extravagant calculations based on our progress in the past—wonderful as that progress has been.

It is but eighty-five years since our government was organized—with a population of less than four millions, and a valuation of property for the entire thirteen States not exceeding six hundred millions of dollars (\$600,000,000)—scarcely one-half of the actual wealth of your own

great State to-day. Facilities for inter-communication were then greatly restricted, manufactures and the arts were in feeblest infancy, agriculture was rude and not highly remunerative, because its hand-maid, commerce, had not been quickened into life and vigor. Property at that time was ill-adapted to bear taxation, profits were small, wages were low, and to the political economist, measuring the condition and capacity of the country, it seemed utterly unable to carry a debt of any considerable magnitude. And yet our ancestors did not hesitate to assume the Revolutionary debt of ninety millions (\$90,000,000), more than one-seventh of all the property they owned. Mr. Jefferson, who was the most distrustful of all the leading statesmen of that day in regard to the ability of the nation to sustain the load, was yet willing to admit that it could be easily borne if the rates of increase in population and wealth then calculated upon should be realized. It may teach us a lesson of trust and hopefulness, to remember that the highest estimates of that day would have produced a population of less than seventeen millions (17,000,000) in 1870, and an aggregate wealth at the same period of less than four thousand millions of dollars (\$4,000,000,000). Our population, vastly as it has outran the prophecies referred to, exhibits a ratio far below the increase of wealth which in 1870 had reached the enormous aggregate of thirty thousand millions (\$30,000,000,000), nearly eight-fold greater than the anticipated increase which Mr. Jefferson had regarded as too sanguine. Taking our National, State, county and municipal debt, and it amounts to something over thirty-two hundred millions (\$3,200,000,000), or a little more than one-tenth of the entire property of the country, as estimated in the census of 1870, and probably not over

one-fifteenth of the actual wealth of the country to-day. This you will observe is a far less ratio of debt to property than the government assumed in 1790, while our rate of increase and our power of creating wealth transcend the same capacities of that day in so large a degree that I do not know of any comparison or unit of measure that could give any adequate conception of its vastness.

It may, however, serve to give us some idea of our enormous productive power to reflect that in point of annual income and earnings, we stand to-day at the head of all the nations—far exceeding Great Britain, France, Russia or the German Empire. Next to us indeed comes Great Britain, but all the earnings and income of that Kingdom will not exceed five thousand millions of dollars, (\$5,000,000,000) whereas we are in excess of six thousand millions, (\$6,000,000,000) both reckoned on a gold basis, and both tables of statistics quoted from a British authority. Moreover, our present annual rate of increase in income resulting from increase of population and of laborers, and from improvements in machinery, is about one hundred and twenty millions of dollars (\$120,000,000—and this, regardless of occasional reverses and financial panics, is absolutely progressing in a sort of geometric ratio. Many who now hear me will live to see the population of this country reach one hundred millions, (100,000,000) and by calculations which will err in being too small if they err at all, our annual income will then exceed fifteen thousand millions (\$15,000,000,000)—or five times as much earned and realized every year as our entire public debt of all forms is to-day.

The inquiry is pressed home to us, why, in view of our enormous income and earnings, are we such a borrowing

nation? If we earn and receive more each year than Great Britain, or France, or the German Empire, why are we borrowers from them? Why do they, and not we, hold the bulk of our national securities, besides so vast a proportion of State Loans and Railway indebtedness? The question is a serious one, but the answer is easy. It is simply because we spend more lavishly than any other nation in the world. Our people live better, and live faster, have more abundant food and better clothing, more expensive houses and furniture, and outfit, and equipage, than those of any other nation in the world. So that with all our enormous income, we save far less than some European nations whose gross annual receipts are far below ours. But if for a single decade we should by any concert of action live on as economical a scale in this country as they do in the most favored European Kingdoms, or as we did ourselves only twenty-five years ago, we would save enough to recall every American Stock and Bond from the coffers of Foreign Bankers, and should pay off with ease our entire national debt, or at least have it held among our own people, which in itself would constitute no small decrease of its burden. If such a return to our old habits of economy were practicable and practiced, and the drain of gold coin to Europe to pay interest on our bonded indebtedness were thereby stopped, I venture to affirm that many problems of finance, now disturbing the people and perplexing the Legislator, would find an easy solution—nay, would not even remain to be solved at all.

There is one feature in our progress to which I have already made incidental reference which despite all drawbacks of personal extravagance or national crises, gives us a solid assurance for the future. It is, that rapid as may

be our increase in population, our increase in property is in a vastly greater ratio. From 1790 to 1870, our population increased about one thousand per cent.—but our property increased about five thousand per cent. In other words our population in 1870 was ten times as large as in 1790, while our property in 1870 was fifty times as great as it was in 1790. We can hardly assume for the future that our wealth will grow five times as rapidly as our population, but I think with all the labor-saving appliances that modern invention is producing, and with the high vantage ground we already possess in that regard, we may safely count on such a rapid increase of material wealth as will in a very brief period render our indebtedness—if it be not unwisely increased—an inconsiderable burden. By the census of 1790 it was apparent that the aggregate property of the nation only allowed one hundred and fifty dollars to each individual. By the census of 1870 this had increased to eight hundred dollars per head. And now it may be confidently asserted that before we have seventy-five millions of people we shall have one hundred thousand millions of property.

But I do not dare to trust myself in that inviting field of speculation as to what we shall be in the future. Neither should I venture to detain you with any lengthy review of our marvelous progress in the past. Our story indeed is so wonderful that he who attempts the most sober narrative seems as one given to idle boasting. In that brilliant third chapter of Lord Macaulay's History, he gives gorgeous and glowing pictures of the rise and progress of certain manufacturing and commercial cities of England. The growth and greatness of Manchester, and Leeds, and Sheffield, and Birmingham, and Liverpool, are depicted in the matchless colors of the first essayist of his

generation. But remember that he was telling what these cities had become in the blessed reign of Queen Victoria, and how great their progress had been since the days of the Stuarts and Oliver Cromwell—compassing indeed a growth of two full centuries. Why, the facts presented by Lord Macaulay no more rival those by which we are surrounded than the plodding experience of a common life resembles the marvels of Aladdin's Lamp. Contrast the cities named by Macaulay in their two hundred years of growth with Chicago, and St. Louis, and Cincinnati, and Pittsburg, and San Francisco, and Cleveland, and Louisville, and Milwaukee, and Detroit—and I might indeed indefinitely prolong this list of Western wonders! Remember that at the beginning of the present century scarce one of these great emporiums was even named—while one of them, the great commercial mart of the Pacific, had no organized existence when in 1847 Lord Macaulay was writing the remarkable chapter from which I have quoted.

The growth of these great cities is indeed but the index to the growth of the entire country. With a territory nearly as large as the whole of Europe, we have succeeded in bringing its extremes together in the easy interchange of trade and friendship; we have built and are operating seventy thousand miles of railway, more than there are in Europe and all the rest of the world beside; we have increased our agricultural products until the crops of a single year are worth more than three thousand millions of dollars in gold coin; we have multiplied the number of our handicrafts and our power of machinery until we are one of the foremost manufacturing nations of the world; we have pushed population away beyond what but yesterday seemed the most distant frontier, or indeed

until there is no frontier left save that which is washed by the waves of either great ocean.

With a population so widely extended, with local interests so diversified and often in seeming conflict, it is not to be expected that so great a government as ours can at all times be administered with perfect satisfaction to every section and every citizen. But we daily grow to know more of each other, and I am sure it will be found of the east and of the west, of the north and of the south, that the more intimately they become acquainted and related, the better they will like each other, and the less will appear the differences that sometimes divide them. Tariff and Currency, Internal Improvement and Cheap Transportation, are all susceptible of fair settlement after full discussion; and in the final arbitrament of a wise statesmanship it will be found in regard to these questions and all others of like magnitude, that the interest of one section is the interest of all, and that the "more perfect Union" which our fathers sought to establish will be fully and finally realized when each section is unwilling to enjoy an undue advantage over any other, and when all sections are alike ready to be governed in what they ask and in what they give, in what they demand and in what they concede, by that spirit of Patriotism which always obeys the "authority of principle," and always yields to the "Despotism of Duty."

